

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **February 28, 2006, Work Session**

AGENDA ITEM NO.: 3

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: **X**

ITEM TITLE: **FY2006 Water and Sewer Study**

RECOMMENDATION: Proceed to a public hearing regarding the recommendations to increase the water and sewer rates and fees as proposed in the FY 2007 Water and Sewer Rate Study & Utility Status Report.

SUMMARY: Combined with the annual rate study, the Utilities Division has also included a status report that discusses the items listed below. The Financial Projections are also attached and include the items listed below.

The FY 2007 Water & Sewer Rate Study & Utility Status Report includes the following:

1. Proposed rate increases, comparisons, and reasons for the increase.
2. Recent accomplishments.
3. Future challenges and needs.
4. Summary and recommendations.
5. Water and sewer fund budgets including activity costs and performance data.

The Financial Projections include the following:

1. Water and sewer fund key assumptions.
2. Water and sewer fund capital financing plan.
3. Water and sewer operating fund and budget projections.
4. Revenue projections.

The utility rate strategy developed for this year continues with the goals to:

1. Minimize the impact of rate adjustments on residential and other small customers.
2. Ensure necessary funding is provided for increases in operating and debt service costs.
3. Ensure compliance with the Special Order for Combined Sewer Overflow (CSO).
4. Ensure compliance with adopted Fund Balance and Debt Management Financial Policies.

The proposed increase includes a 4 % increase in water volume rate to \$1.89 per h.c.f., a 4% increase in the sewer volume rate to \$4.97 per h.c.f., and a 3.6 % increase to sewer only rates to \$38.48 per month. Other adjustments include increases in the water and sewer connection fees. All of which are detailed in the report.

PRIOR ACTION(S): None

FISCAL IMPACT: Increase revenues in the Water and Sewer Funds to meet existing operating and capital needs, meet financial targets, and maintain compliance with the CSO Special Order.

CONTACT(S):

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Greg Poff, Assistant Director of Utilities

455-4249

ATTACHMENT(S): FY 2007 Water and Sewer Rate Study & Utility Status Report  
Financial Projections

**Attachment Reports can be viewed in the Office of the Acting Director of Financial Services, 3<sup>rd</sup> Floor, City Hall, 900 Church Street, Lynchburg, VA**

REVIEWED BY: lkp